

Where Middle Class is the Ruling Class

Ranjit Sau

A new species of political formation has been sighted. In the past the middle class (to be more precise, lower-middle-class and rich peasantry), had rarely, if at all, assumed the role of the ruling class. Now, specific conditions favoring the emergence of governments representing the interests of the middle class have arisen, in the developing countries in particular.

Three factors, namely, the numerical dominance of the middle class at the time of achieving independence from colonial bondage, the extensive involvement of governments in economic activities, and the availability of credits from global markets facilitate the middle class to rise at the top of the political ladder.

Michal Kalecki, an eminent economist from Poland, first recognized this phenomenon in 1964. He called the middle-class rule an *intermediate regime*, intermediate between the small land-holders and landless peasants from below; and the upper-middle class and feudal landowners from above. The regime hovers between full-scale private capitalism and complete socialist development; instead it resorts to state capitalism. To keep the power the ruling middle-class (a) must achieve not only political but also economic freedom; (b) carry out a land reform; and (c) assure continuous economic growth.¹

India is a typical case of intermediate regime. It would be interesting to scrutinize India's record in the light of the intermediate regime hypothesis.

CONTRADICTIONS

In the morrow of independence of the country from colonial reign, the middle-class government confronts the "comprador" elements to limit foreign influence. When carrying out land reform it clashes with feudal landlords. But it may not necessarily defy the native upper-middle-class which holds the industries.

The lower-middle class is incapable of being a dynamic entrepreneur on a large scale. The basic investment for economic development must therefore be carried out by state which leads to state capitalism and the public sector.

Among the antagonistic higher classes, the feudals are affected by the land reform, not so much due to the loss of some land, but more because of the concomitant decline of their political significance. The upper-middle class in general is even more worried about the possible nationalization of their property, and limitation of the scope of private investment.

As for the antagonists from below, the urban and rural paupers receive little benefit from economic development. The land reform, open to evasion by big landholders, brings no more than a few barren strips to the poor. Though the poorest strata of the society have no reason to be happy, they do not, at least for the time being, pose a danger to the present system. The poor peasantry and rural proletariat are controlled by some form of a local oligarchy comprised of the petty bourgeoisie (merchants and money-lenders), the rich peasants and small landholders. The urban populations are not too dangerous either, because they

are permanently threatened by probable unemployment and are difficult to organize.

DILEMMA

The Constitution of India came into force on 26th January 1950. The country declared three fundamental objectives: mould the society in the '*socialistic pattern*'; engage state capitalism for rapid economic development; and practice secular democracy in the polity.

The government faces conflicting demands from within and without: from the members of the ruling class as well as from their antagonists. Economic strength can be achieved, first of all, by acceleration of growth in the field of agriculture. In the first five-year-plan (1951-56) the emphasis was on agriculture. Land reforms, big dams, irrigation projects, canals were some of the major policy instruments that yielded favourable results, in course of time, however, declining water table in large parts of the country, increasing salinity, and damage to limited land resources have kept the rural population in poverty.

Under the pressure of rich peasants, partners in the middle-class coalition, procurement prices of food-grains (the prices at which government purchases), are fixed at a high level. Then, in order to pacify the tension of lower-middle-class, another member of the ruling class, government provides large subsidies which strains the treasury of state capitalism, which in turn leads to a vicious circle: agricultural outputs do not rise sufficiently, hence prices go up, government subsidies, as a result it has no money to invest in creating real assets for water conservation, irrigation, storage, roads, transport that could have improved agricultural productivity and given more remunerative prices to farmers.

What government is doing nowadays to help the poor farmers in distress has negative effects. Banks are prodded to give them loans at relatively low interest charges. But in times of crop failure in drought or floods the debt burden becomes a millstone on the neck of poor borrowers. Many a farmer had taken the extreme plunge in the despair of debt default. It is a well known theorem in finance literature that accumulation of debt in the absence of adequate equity raises the level of risk. In the context of agriculture in India, that equity is real assets of water, seeds, irrigation which only the government can provide.²

State capitalism builds heavy industries; therefore no threat of forcing the small firms out of business. Also, the fast development of state enterprises creates executive and technical openings for ambitious youths. Third, the land reform is conducted in such a way that the rich peasantry acquires considerable gains in the process. So, state capitalism is highly advantageous to the lower-middle class as well as to the rich peasantry.

Government of India sets every five years a Pay Commission which inevitably recommends higher salary for all employees in the administration and public sector companies. No other group of people gets this kind of privilege of steadily expanding pay cheque no matter what is happening to the country or to the economy.

And in step with the escalating purchasing power of state-capitalism employees, to be sure, prices of essential and other goods jump up to the detriment of common populace.

POLITICAL MYOPIA

Legislators are elected by the people for a term of five years; and a citizen is free to be a candidate in election any number of times. The middle class dominates the parliament and assemblies. Such a functional procedure of democracy begets unintended consequences, derived as they are from human nature. Three consequences are as follows: political myopia, dynasty syndrome, and structural constraint.

To begin with, every elected representative seeks reelection, an inclination which is apt to swamp all of his other concerns. He would not approve of a project that might put his constituency to some hardship over first five years, no matter howsoever productive the project becomes thereafter. Democracy hardly thinks beyond the next election; matters of long-term national interests slip out of its time-horizon. Call it the *political myopia*.

Second, the legislator is a rational being. Morality comes in two forms : family morality, and social morality. Family morality is ingrained in our bones since time immemorial when the first family hurdled into a cave. Our social morality is brand new; it is barely three or four centuries old. The former enjoins filial obligation and compassion, a sentiment that easily spills over to other kin. The rate of return on political investment is apparently higher than that in any other area for venture capital. Therefore, the legislator, a conscientious person as he is, naturally tends to build a political dynasty. The polity thus bristles with dynasties of various size, shape, and colour. Similarly, the other two branches—economy, and society—produce their homemade dynasties. This is the *dynastic syndrome* of democracy.

Third, these sets of dynasties install their predetermined agenda all over the society, economy, and polity. No radical reform is conceivable in the face of such a mighty network. This limitation puts a *structural constraint* on democracy. Democracy may be an excellent manner of making relatively minor choices within an overall settled structure, but it has little capability to choose between total structures or value systems.

Politics draws ample leaders to forge parties, plenty of candidates to run in election, countless cadres to join the ranks of foot-soldiers; thus a mammoth political industry is created. Each party pursues its own unique manifesto, sometimes regardless of national considerations. A member of the party serves like a cog in the wheel of political machinery; and the tyranny of party erodes the individual's sense of dignity, liberty and equality.

The tendency of myopia, dynasty complex, and structural bottleneck of democracy leaves many a fundamental issue of national importance unattended, thereby creating a space, legitimate for people's direct intervention. It calls for people's movement to exercise the public reason in open forum of all citizens. The 'public reason' is the collective faculty of reasoning by all citizens, each expressing his or her point of view as an independent individual, regardless of political or other affiliations.

QUASI-IMPERIALISM

The highly heterogeneous social structure of India and the problems arising therefrom have been recognized. Even China does not seem to have addressed the issue : the Cultural Revolution not only required active intervention of the army at various stages but ended in a manner that does not clarify to what extent its objectives were in fact realized.

India's social landscape is extraordinary and complex in that more than half of the population (scheduled castes, scheduled or nonscheduled tribals, other backward classes) is subjugated as inferior human beings, so much like indentured toilers in imperial colonies, mostly treated as untouchable.³ *The 5th Schedule, Article 244(1), Provision as to the Administration and Control of Scheduled Areas and Scheduled Tribes*, in the Constitution, in effect amounts to keeping the tribals confined in the jungles for ever, deprived of the lights of universal civilization as it was in the proverbial cave of Plato.⁴

Burdened with intense contradictions the intermediate regime finds itself unable to pave the way for a socialistic pattern of society which India had envisaged half a century ago. The 'natives' have to wait for a while to achieve emancipation.

References :

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